September 1987

Computeriz- A8770-1
9/23/87

PUBLIC RELATIONS JOURNAL

707510 E07740 N 1
ED KIANKA
CONGRESSIONAL INFO SVC
DEPT SRI
4520 E WEST HWY
BETHESDA MD 20814

CORPORATE ADS COME OUT SLUGGING

PUBLIC RELATIONS JOURNAL

September 1987 Vol. 43 No. 9

FEATURES

22 Rain Gear

Ed Faruolo never thought he'd want to work for an insurance company. But then, he didn't know just how diverse that industry had become. Neither did that industry's publics. And that's why the Travelers, with Faruolo now running corporate advertising, enlarged its corporate communications staff; pooled its public relations, marketing, and advertising teams; and focused its advertising efforts on the corporate dimension. *By Kristin Nord*

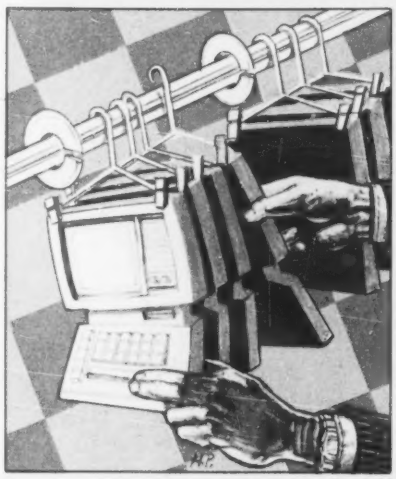
page 8

28 Tough Stuff: 16th Annual Review of Corporate Advertising Expenditures

The trend of using corporate advertising specifically for marketing support is in high gear, with auto makers, auto dealers' associations, and office automation companies leading the pack. Also: Where the data came from. *By Meryl Davids*

34 Blurred Division

With the line between corporate and product ads finer than ever, the task of classifying the ads is more and more trying. A visit with the classifiers at Leading National Advertisers and a portfolio of recent crossover ads. *By Meryl Davids and Michael Winkleman*



page 41

WORKSHOP

41 How to Computerize Your Firm *By Michael Clagett and Sharon Edwards*

How to Work with an Ad Agency *By Donald L. Gilleland*

BRIEFINGS

17 Hair Apparent • Fall Preview • Software Review: Ventura Publisher

DEPARTMENTS

Inside Track 4
Farmer's Market
Michael Winkleman

Feedback 6

Washington Focus 8
Congressional Ear
Paul Lee

Media 12
A Soaring Supplemental
George Kroloff

Updates 14
Questionnaire Results
Celia Kuperszmid Lehrman

Law 46
Privacy vs. Publicity: Part Two
Sondra J. Byrnes, APR

Books 50
Hitting the Books
John M. Butler, APR

People 52

Literature Showcase 54

PRSA Members Newly Accredited 58

PRJ Classified 61

Questionnaire: Corporate Donations 64

page 46

Cover Photograph: *Carl Glassman*

The *Public Relations Journal* is published by the Public Relations Society of America, 33 Irving Place, New York, NY 10003.

16th ANNUAL REVIEW OF CORPORATE ADVERTISING EXPENDITURES

TOUGH STUFF

by Meryl Davids

HEAVY spending by auto makers, auto dealers' associations, office automation companies, and others looking to drive consumers to a purchase dominated the expenditures for corporate advertising in 1986, according to a report by Leading National Advertisers (LNA). This trend of using corporate advertising specifically for marketing support began appearing several years ago, and appears to have shifted into high gear.

Total 1986 corporate ad figures for corporations remained relatively stable from the previous year (Table 1), with an 8.6 percent increase in expenditures for six media. But association advertisers stepped up their spending more dramatically, devoting 40 percent more to their corporate ads.

Few of these campaigns in 1986, though, recall the "goodwill" ads that once dominated the category. "The old world of soft corporate advertising is gone," says Tom Garbett, long-time corporate advertising observer. Instead, he says, corporate ads have become more hard-hitting. Computer, telephone, car, and other high-tech companies are turning to these ads in increasing numbers as a way to market their products. These products change from year to year, Garbett says, and consumers want to know that the company stands behind its goods, to know that the company makes quality products, and that it won't be gone when problems set in. "When Nissan advertises now," he observes, "it's not to sell their stock, it's to back their products." Indeed, an analysis of the top 100 corporate ad spenders recently conducted by Garbett shows fully 84 of them intend for their ads to make an impact on sales.

Similarly, another type of advertiser seems to be turning more to corporate ads: retailers. More of them are devoting bigger dollars to ads that will bring customers into the store, by touting their convenient location, trendy styles, or prices that can't be beat. K-mart, for instance, has leaped up to number 12 on LNA's list, spending nearly $11.6 million to promote its stores.

The survey, compiled by LNA, tracks corporate advertising expenditures in consumer magazines; newspaper supplements; network, spot, and cable television; radio; and outdoor. For the purpose of the survey, corporate advertising is broadly defined as any advertising not promoting a specific product.

That corporate advertising is increasingly becoming a marketing tool is also reflected in an ongoing study of corporate advertisers by the Association of National Advertisers (ANA). In this year's study, 45 percent of the 186 respondents say their companies place corporate advertising in the public relations domain, while 42 percent say it's in marketing, a gain from previous years. This increase in the number of marketing groups now engaged in corporate advertising, though, appears to be in new activity, not in a shift of function from public relations, the survey notes.

The move to a marketing orientation may eventually lead to more stability in spending for corporate advertising, Garbett suggests, something that is not yet being seen. LNA's Top 10 list (Tables 2 and 3) again sees substantial turnover this year. Four of the 10 corporations (Dow Chemical, Hewlett-Packard, American Express, and Unisys), and 4 of the 10 associations (Toyota Auto Dealers Association, Volkswagen Auto Dealers Association, Toyo Kogyo Company Auto Dealers Association, and the Hyundai Group) were not on last year's lineup. Car dealers now virtually monopolize the association list, having bounced off the florist and gas associations.

This dealer spending increase, says Dick Severance, senior vice president of the Television Bureau of Advertising, reflects a major move by the car manufacturers in the last few years to organize their dealers into more sophisticated groups. "The dealer groups used to have the worst commercials on TV," Severance says, "where a few guys would stand around, say, 'we're great,' and sing a song. Why that would have made you buy a Pontiac is anybody's guess." Now, he says, car makers have gotten their dealers to make better commercials, and to put more dollars behind them. This upsurge in the automobile corporate ad category parallels the skyrocketing spending for product ads for cars, which, Severance notes, for the first time became the leading industry in TV ad spending this year.

"The soft stuff was a fairly optional form of advertising for many companies," Garbett says, about the constant change of players. "They go into the project with wrong or confused expectations, and when they get disappointed in the results, they stop." Marketing-oriented campaigns, though, run by people with "the pressures of the marketplace on them," should keep running as long as they produce bottom-line results, he says.

But some of the swings of companies in and out of the top corporate ad ranks, Garbett suggests, happen because companies change their strategies from one year to the next, shifting their ad focus more onto the product one year (not counted in LNA's corporate ad tabulations), more onto the company behind the product the next (counted in the tabulations). That may be why Wang, Xerox, and others come and go on the list, he says. When they introduce a new product, all the money goes from corporate advertising to advertising for that specific product, creating a change in the tabulations even though there's been no change in the advertising budget at the company.

Though some media categories are down this year (notably network TV, which, for

Continued on page 31 ►

TABLE 1: CORPORATE ADVERTISING EXPENDITURES, 1932-1986

Corporation Advertising (in $ thousands)

	Consumer Magazines	Newspaper Supplements	Network Television	Spot Television	Radio	Outdoor	SIX-MEDIA TOTALS	Cable TV Networks*
1982	$205,300.1	$7,593.8	$150,102.9	$28,118.1	$11,175.2	$918.0	**$403,208.1**	*
1983	219,512.7	4,205.5	197,267.9	25,201.6	9,661.0	843.0	**456,700.7**	*
Percent change	6.9%	(44.6%)	31.4%	(10.4%)	(13.5%)	(8.2%)	**13.3%**	
1984	296,309.9	9,465.4	366,591.8	97,080.0	10,318.9	3,219.0	**782,985.0**	*
Percent change	34.9%	125.0%	85.8%	285.2%	6.8%	281.8%	**69.2%**	
1985	323,323.4	10,498.9	259,148.8	103,820.2	13,450.9	4,455.4	**714,697.6**	11,315.9
Percent change	9.1%	10.9%	(29.3%)	6.9%	30.4%	38.4%	**(8.7%)**	N/A
1986	343,693.3	11,924.5	246,029.1	141,065.8	25,262.1	8,022.8	**775,997.6**	9,794.0
Percent change	6.3%	13.6%	(5.1%)	35.9%	87.8%	80.1%	**8.6%**	(13.4%)

Association Advertising (in $ thousands)

	Consumer Magazines	Newspaper Supplements	Network Television	Spot Television	Radio	Outdoor	SIX-MEDIA TOTALS	Cable TV Networks*
1982	$46,479.7	$2,301.4	$60,286.5	$150,763.0	$6,365.8	$4,213.9	**$270,410.3**	*
1983	46,059.4	3,569.3	70,001.7	202,838.6	8,968.7	9,600.5	**341,038.2**	*
Percent change	(0.9%)	55.1%	16.1%	34.5%	40.9%	127.8%	**26.1%**	
1984	53,260.9	2,301.4	75,512.5	287,986.5	11,504.9	4,602.7	**435,168.5**	*
Percent change	15.6%	(35.5%)	7.9%	42.0%	28.3%	(52.0%)	**27.6%**	
1985	69,351.6	5,597.2	103,073.0	393,858.2	15,717.9	7,009.7	**594,607.6**	3,171.7
Percent change	30.2%	143.2%	36.5%	36.8%	36.6%	52.2%	**36.6%**	N/A
1986	79,732.8	5,864.7	147,625.2	571,025.9	19,703.5	8,053.2	**832,005.3**	6,180.3
Percent change	15.0%	4.8%	43.2%	45.0%	25.4%	14.9%	**40.0%**	94.9%

*1985 = first year measured

Source: BAR/LNA Corporate and Association Report as compiled by Leading National Advertisers

TABLE 2: TOP 10 LEADERS IN CORPORATE ADVERTISING SPENDING: CORPORATIONS

January-December 1986 (ranked by total media dollars, in $ thousands)

	Seven-Media Totals	Magazines	Newspaper Supplements	Network Television	Spot Television	Network Radio	Outdoor	Cable-TV Networks
General Motors Corp.	$43,216.3	$22,077.6	$996.9	$12,931.3	$2,706.0	$4,139.7	$175.7	$189.1
Ford Motor Co.	36,626.6	15,140.9	3,513.7	11,286.4	559.4	5,728.5	180.5	217.2
AT&T Co.	32,774.5	14,693.0	60.8	11,986.0	2,264.9	3,505.1	—	264.7
IBM Corp.	29,237.2	7,255.3	1,372.6	18,743.6	1,292.7	249.4	—	323.6
Dow Chemical Co.	24,488.3	7,865.8	5.7	11,189.1	2,243.9	3,139.6	44.2	—
GTE Corp.	20,992.1	4,537.8	77.7	8,230.8	8,102.4	—	—	43.4
Hewlett-Packard Co.	20,684.5	12.8	—	20,547.3	34.9	—	—	89.5
American Express Co.	16,592.9	3,974.5	83.2	7,526.5	5,000.8	—	—	7.9
Prudential Insurance Co. of America	14,662.3	4,598.9	63.6	8,592.6	682.8	—	2.6	721.8
Unisys	13,956.0	2,512.8	21.8	7,959.3	2,965.6	—	—	496.5
TOP 10 TOTAL	**$253,230.7**	**$82,669.4**	**$6,196.0**	**$118,992.9**	**$25,853.4**	**$16,762.3**	**$403.0**	**$2,353.7**

TABLE 3: TOP 10 LEADERS IN CORPORATE ADVERTISING SPENDING: ASSOCIATIONS

January-December 1986 (ranked by total media dollars, in $ thousands)

	Seven-Media Totals	Magazines	Newspaper Supplements	Network Television	Spot Television	Network Radio	Outdoor	Cable-TV Networks
GM Corp. Dirs. Assn.	$147,889.5	—	—	—	$147,721.1	$74.5	$93.9	—
American Dairy Assn.	99,309.7	$2,809.0	$654.0	$79,931.8	13,430.9	739.1	506.9	$1,238.0
Ford Auto Dirs. Assn.	63,468.4	26.7	—	—	61,232.6	—	2,209.1	—
Nissan Auto Dirs. Assn.	48,155.3	—	—	—	48,141.3	—	14.0	—
Toyota Auto Dirs. Assn.	36,593.2	—	—	—	36,587.4	—	5.8	—
Blue Cross/Shield Assn.	27,680.8	1,113.1	56.6	4,952.2	20,714.6	—	835.3	9.0
Chrysler Corp.	23,243.9	—	—	—	23,243.9	—	—	—
Volkswagen AG Dirs. Assn.	23,086.6	—	—	—	23,086.6	—	—	—
Toyo Kogyo Co. Auto Dirs. Assn. Franchise	22,313.3	—	—	—	22,313.3	—	—	—
Hyundai Group	21,606.1	—	—	—	21,606.1	—	—	—
TOP 10 TOTAL	**$513,346.8**	**$3,948.8**	**$710.6**	**$84,884.0**	**$418,077.8**	**$813.6**	**$3,665.0**	**$1,247.0**

Continued from page 28 ►
corporations, is down 5.1 percent) and others are up substantially (for corporations, radio is up 87.8 percent, and outdoor, up 80.1 percent; and for associations, network TV is up 43.2 percent and spot TV, up 45 percent), much of this change is traced back to the Top 10 spenders. Because the total dollars for corporate advertising is small, a hiccup by any of the bigger players can affect the totals. Ford Motor Company, for example, the largest advertiser last year, dropped its network TV spending by more than $18 million, significant when spending for the entire category is just $246 million.

"The old world of soft corporate advertising is gone," says Garbett. Corporate ads have become more hard-hitting.

Trends for "pure" types of corporate advertising are difficult to read, Garbett notes, because LNA counts cars in the same category as, say, Planned Parenthood. He suspects, though, that issue-oriented association spending has probably stayed relatively flat, because those organizations generally don't have the money to raise budgets much. The 40 percent increase in association spending, Garbett says, comes because it's easier to up the budget on a campaign that directly aids sales, which many of them now do.

Consumer magazines received the largest dollar expenditures from corporations, nearly $344 million, according to LNA. (Most of that money, the ANA study shows, goes to business magazines.) Associations, by contrast, put the greatest dollar volume into spot TV. Cable TV also showed a dramatic increase for associations, not surprising, since cable offers the targeted, local audience that many associations are trying to reach. Corporations, though, showed a decrease in spending for cable, but Garbett sees this decline as an anomaly and expects the figure to improve next year (cable was measured for the first time in 1985).

The ANA survey reveals increasing interest in sponsorship of public broadcasting

Continued on page 63 ►

THE DATA TRAIL

THE Baby Wipes sit on a table near Larry Jones's desk, but he claims it's mostly for the people on the *New York Times* account. The *Wall Street Journal*, he says, doesn't get your hands as messy. Jones should know; as research assistant at Leading National Advertisers, the preeminent chronicler of advertising spending, he logs seven hours a day, five days a week, pouring over the paper. It is at his desk that the *WSJ* advertising data begins its journey through LNA.

LNA's primary functions are tabulating ad spending in the 150 magazines of the Publishers Information Bureau, and producing a listing of expenditures in seven different media (this seven-media list does not include newspapers, aside from magazine supplements like *Parade*). Separately, though, LNA does monitor ad spending in several newspapers, including the nation's leading business paper. And with the *WSJ* chock full of corporate ads, this database is crucial for companies that want to track their brethren's spending.

Jones and compatriot Michael Schwartz scrutinize the many daily editions of the paper in precise order—East, South, Midwest, and West (and recently, for Monday and Friday editions, also Southern California and Southeast). East is usually the biggest, you see, so it's best to get it out of the way first.

Batches of the *WSJ* come by mail (pity the poor postman) from the paper's production sites across the country. When all the editions from the same day have arrived, the two men set to work. Theirs is the first step in a march that will take the data through the terrains of Coding, Checking, Entering, Entering Again, and Comparing.

With production tickets sent by the publisher and a copy of the paper itself sprawled on their desks, the men scrutinize each ticket, ferreting out information on the number of lines in the ad, the edition(s) it has run in, whether a position premium was paid, and the specific company and/or brand being advertised. Ever vigilant in its role as guardian of the data, LNA never accepts this last designation on face value from the publisher; it determines its own brand or corporation code in an often-thankless quest to provide a unified standard (see "Blurred Division," page 34).

Categorizing ads in *WSJ* was tough for the coders when they first started monitoring the paper a few years ago, says Jackie Jacob, LNA's director of database operations and research, because of all the financial ads. "We didn't know the difference between, say, a security offer and a tender offer," she says. A guidebook of terms and hints produced with *WSJ* has helped; now, differentiating even the additional subsets of mergers and acquisitions and announcements (such as personnel), recently requested by the paper, is a breeze.

At an average of one-and-a-half to two hours per edition—papers can run from the 50-odd-page editions in July and August (when the LNA staff tries to schedule its vacations) to the hefty 300-page Christmas issues—the coders are pleased if they each finish one full paper a day.

The paper and the marked-up production sheets then advance to Roger Dykeman, a three-year veteran of LNA, who checks for inadvertent errors by the first team (even Jones and Schwartz can have a bad day). *WSJ* also supplies the total advertising line count for each edition, and Dykeman must make sure its totals and LNA's come close. Dykeman looks the other way with discrepancies of less than 100 lines per edition—not a bad rate when you consider that each *page* of the paper has 1,776 advertising lines—but LNA says the difference rarely gets that high.

Two of LNA's several part-time typists then assume command of the data, separately entering the information into the computer. The sophisticated Digital system at LNA (on which all of LNA's other databases are also kept, and which LNA makes available online to its subscribers) discloses discrepancies between the two entries, and performs other safety checks as well. Data are then formatted for the inch-thick reports that LNA sends quarterly to its subscribers.

A self-proclaimed pack rat, Jacob would like to keep the back-up data at LNA indefinitely, but LNA would soon outgrow its newly renovated Madison Avenue space if Jacob had her way. So back issues are stored in folders around the office for about two years, when they are finally discharged from LNA's command.

—M.D.

Ad spending

Continued from page 31 ►

programs, a corporate ad category LNA does not monitor. Thirty-eight percent of ANA survey respondents are underwriting PBS programs in 1987, compared to only 12 percent in their survey a year and a half ago. " 'Enhanced underwriting,' [PBS's recently liberalized rules on what the sponsor can say in the plug, which make these corporate spots more of a commercial than they used to be] is almost certainly a major factor in this growth," the survey concludes. "So is a wider scope of programming with which corporations can identify. It's also an answer for getting out of clutter, providing a more 'corporate,' 'laid-back' look."

A change in PBS programming to more commercially oriented shows, especially at the local level, may also play a role in the increased use of public broadcasting sponsorship, Garbett speculates. "With programs like 'This Old House' or some of the gardening shows, it's not surprising that construction or gardening companies would sponsor the programs," he says. This type of programming is close to that of TV's early days, Garbett says, with shows that are close to the interest of the sponsor. The only problem, TBA's Severance notes, is the ratings. But then, the price is right.

Garbett expects 1987 to look similar to 1986, with spending up perhaps slightly. "The really big spenders don't increase their budgets as much as the smaller ones, so the totals shouldn't change much," he says. For some reason, he says, the big players seem to bump into an invisible ceiling, keeping their expenditures relatively constant.

But the more traditional corporate ads may soon make a comeback, if only temporarily. "Just about the time you're convinced that the era is dead," Severance warns, "conventional ads will come back out." Stay tuned for that to happen in 1988, he says, because the elections and the Olympics are prime vehicles for traditional corporate ad campaigns.

The review of corporate advertising spending is published each year in *PRJ*. It reflects figures compiled by LNA and Broadcast Advertisers Reports (BAR), which monitor and categorize advertising in select media after the ads have run. LNA's expenditures are calculated on the basis of one-time open rates from rate cards supplied by the media; therefore, actual expenditures, taking discounts into consideration, should be lower than reported. ■

Meryl Davids is associate editor of PRJ.

Questionnaire

Continued from page 64 ►

8. What type(s) of support does your organization or client(s) include in corporate donations? (MARK ALL THAT APPLY.)

- ☐ monetary
- ☐ equipment/supplies
- ☐ services (Please specify.) _____
- ☐ loaning employees for specific projects
- ☐ encourage employee volunteerism
- ☐ other (Please specify.) _____

9. What criteria does your organization or client's organization use to choose donation recipients?

- ☐ CEO/principal/corporate contributions officer feels strongly about recipient
- ☐ generate goodwill
- ☐ recipient solicited your organization's help
- ☐ increase visibility, name recognition, and contacts of your organization
- ☐ use your organization's staff downtime productively
- ☐ other (Please specify.) _____

10. How many people in your firm or department work on corporate contributions on a FULL-TIME basis?

- ☐ none
- ☐ 1-4
- ☐ 5-9
- ☐ 10 or more

11. How many people in your firm or department work on corporate contributions on a PART-TIME basis?

- ☐ none
- ☐ 1-4
- ☐ 5-9
- ☐ 10 or more

12. Please check the ONE category that best describes the organization you CURRENTLY work for:

- ☐ public relations firm
- ☐ independent counselor
- ☐ health care
- ☐ advertising agency
- ☐ industrial/manufacturing
- ☐ utility
- ☐ transportation/hotels/resorts/ entertainment
- ☐ scientific/technical
- ☐ government
- ☐ financial/insurance
- ☐ association
- ☐ education
- ☐ foundation
- ☐ religious/charitable organization
- ☐ other (Please specify.) _____

13. How many people work in your firm or department (including yourself)?

- ☐ 1
- ☐ 2-5
- ☐ 6-9
- ☐ 10-19
- ☐ 20-35
- ☐ 36-49
- ☐ 50-99
- ☐ 100 or more

14. How long have you worked in public relations?

- ☐ less than 1 year
- ☐ 1-4 years
- ☐ 5-9 years
- ☐ 10-14 years
- ☐ 15-19 years
- ☐ 20 or more years

15. What is your title? _____

16. Are you: ☐ male ☐ female

17. Are you a member of PRSA? ☐ yes ☐ no

18. Are you Accredited? ☐ yes ☐ no

19. What are the first three digits of your ZIP code? _____

Please return this Questionnaire to: The Questionnaire, *Public Relations Journal*, 33 Irving Place, New York, NY 10003. Thank you for your help.

Oct. 1987 Not Filmed